



Central Bank of Kenya

Weekly Bulletin

May 20, 2022



RECENT MONETARY AND FINANCIAL DEVELOPMENTS

Exchange Rates

The Kenya Shilling remained stable against major international and regional currencies during the week ending May 19. It exchanged at KSh 116.37 per US dollar on May 19, compared to KSh 116.10 per US dollar on May 12 (**Table 1**).

Foreign Exchange Reserves

The usable foreign exchange reserves remained adequate at USD 8,294 million (4.93 months of import cover) as of May 19. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover (**Table 2**).

Current Account

Provisional data on balance of payments shows that the current account deficit was estimated at 5.3 percent of GDP in the 12 months to March 2022, compared to 4.7 percent of GDP in the 12 months to March 2021 (**Chart 1**). The wider deficit reflects a higher import bill, particularly for oil, which more than offset increased receipts from agricultural and services exports, and remittances.

Remittances

Remittance inflows in April 2022 totalled USD 355.0 million compared to USD 299.3 million in April 2021, a 18.6 percent increase (**Chart 2**). The cumulative inflows for the 12 months to April 2022 totalled USD 3,968 million compared to USD 3,308 million in the same period in 2021, an increase of 20.0 percent. The strong remittances inflows continue to support the current account and the stability of the exchange rate. The US remains the largest source of remittances into Kenya, accounting for 62 percent in April 2022.

Money Market

The money market was relatively liquid during the week ending May 19, supported by government payments, which offset tax remittances. Commercial banks' excess reserves stood at KSh 22.8 billion in relation to the 4.25

percent cash reserves requirement (CRR). Open market operations remained active. The average interbank rate was 4.45 percent on May 19 compared to 4.64 percent on May 12. During the week, the average number of interbank deals increased to 30 from 27 in the previous week, while the average value traded increased to KSh 16.9 billion from KSh 15.3 billion (**Table 3**).

Government Securities Market

The Treasury bill auction of May 19 received bids totalling KSh 27.9 billion against an advertised amount of KSh 24.0 billion, representing a performance of 116.3 percent. Interest rates remained stable, with the 91-day, 182-day and 364-day Treasury bill rates increasing marginally (**Table 4**).

Equity Market

At the Nairobi Securities Exchange, NASI, NSE 25 and NSE 20 share price indices declined by 7.1 percent, 4.2 percent, and 1.9 percent, respectively. Similarly, market capitalization, equity turnover and total shares traded declined by 7.1 percent, 44.3 percent, and 37.9 percent, respectively during the week ending May 19 (**Table 6**).

Bonds Market

Bonds turnover in the domestic secondary market rose by 5.9 percent during the week ending May 19 (**Table 6**). In the international market, yields on Kenya's Eurobonds rose by an average of 26.4 basis points. The Yields on the 10-year Eurobonds for Angola and Ghana also rose (**Chart 4**).

Global Trends

Concerns about inflation in advanced economies remained during the week ending May 19. The UK inflation increased to 9 percent in April from 7 percent in March.

International oil prices rose during the week ending May 19. Murban oil prices increased to USD 107.98 per barrel on May 19 compared to USD 105.45 per barrel on May 12.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)

	USD	Sterling Pound	Euro	100 Japanese Yen	Uganda Shilling*	Tanzania Shilling*	Rwandese Franc*	Burundi Franc*
6-May-22	115.90	144.92	122.53	89.03	30.63	20.05	8.79	17.72
9-May-22	115.95	143.97	122.36	89.06	30.73	20.05	8.82	17.72
10-May-22	116.00	143.90	122.24	88.92	30.91	20.04	8.78	17.71
11-May-22	116.07	143.75	122.52	89.16	30.89	20.03	8.78	17.70
12-May-22	116.10	143.66	122.36	89.05	30.97	20.03	8.78	17.69
May 6-12	116.00	144.04	122.40	89.04	30.82	20.04	8.79	17.71
13-May-22	116.12	142.97	121.77	90.14	31.04	20.02	8.78	17.69
16-May-22	116.17	142.61	121.11	89.91	31.07	20.01	8.77	17.68
17-May-22	116.24	142.99	121.21	90.06	31.21	20.01	8.77	17.67
18-May-22	116.32	144.78	121.96	89.97	31.47	19.99	8.76	17.67
19-May-22	116.37	144.92	122.34	90.05	31.54	19.99	8.82	17.66
May 13-19	116.25	143.65	121.68	90.03	31.27	20.00	8.78	17.67

*Units of currency per Kenya Shilling

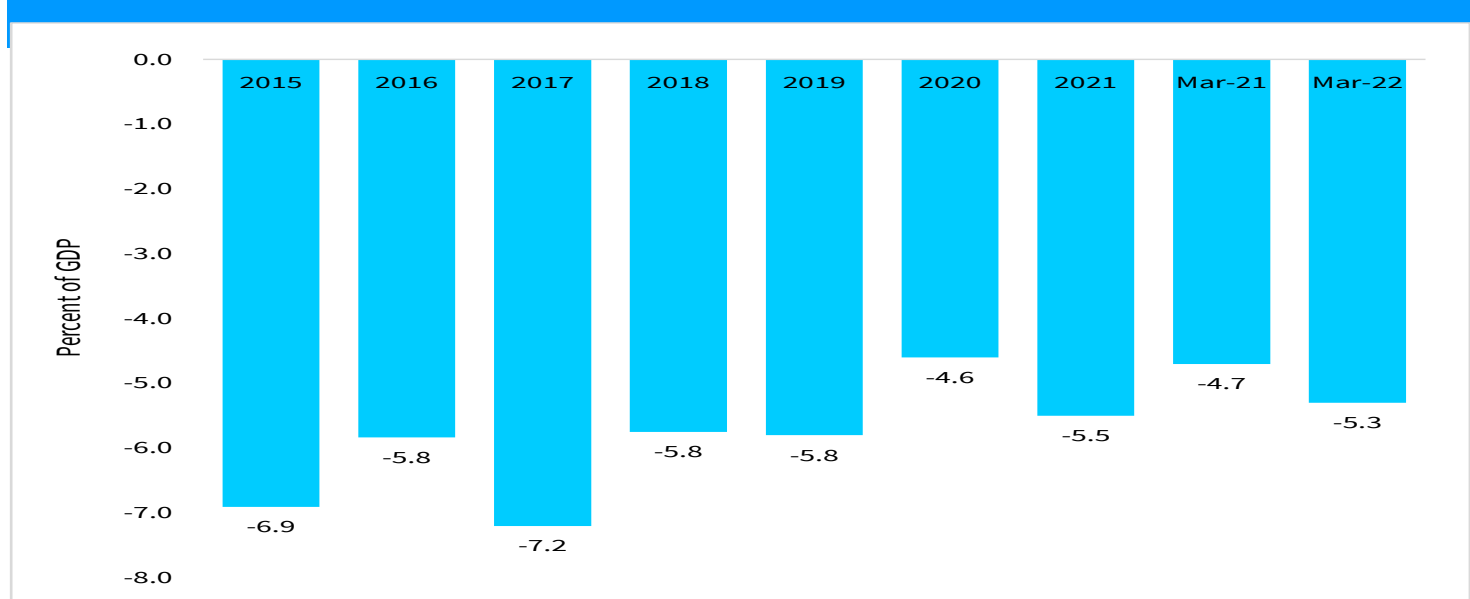
Source: Central Bank of Kenya

Table 2: Official Foreign Exchange Reserves (USD Million)

	21-Apr-22	28-Apr-22	5-May-22	12-May-22	19-May-22
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,500	8,427	8,401	8,372	8,294
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.05	5.01	4.99	4.98	4.93

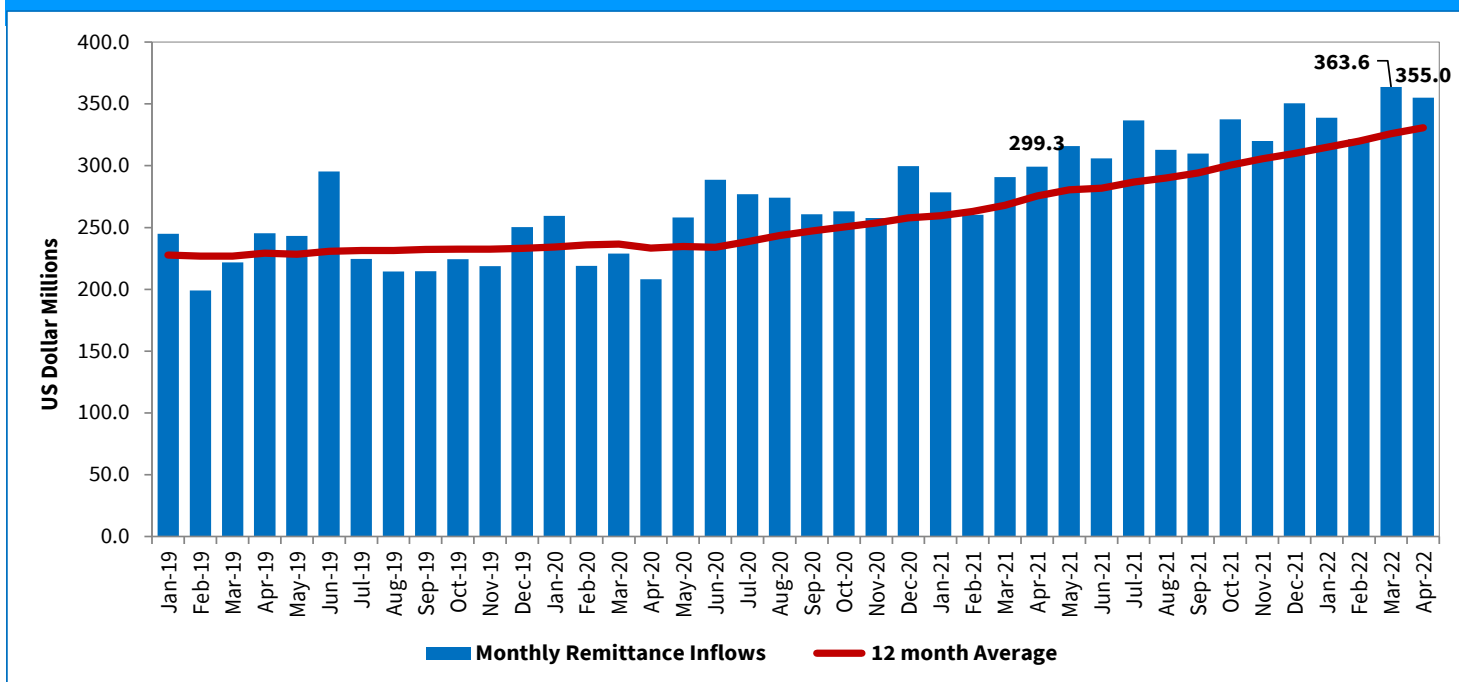
*Based on 36 months average of imports of goods and non-factor services

Source: Central Bank of Kenya

Chart 1: Current Account

Source: Central Bank of Kenya

Chart 2: Monthly Remittance Inflows (USD Million)



Source: Nairobi Securities Exchange (NSE)

Table 3: Money Markets

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
6-May-22	42	24,240.00	4.67
9-May-22	30	19,950.00	4.67
10-May-22	17	13,744.00	4.66
11-May-22	27	12,150.00	4.73
12-May-22	19	6,450.00	4.64
May 6-12	27	15,306.80	4.67
13-May-22	28	10,320.00	4.34
16-May-22	33	19,010.00	4.49
17-May-22	42	22,655.00	4.51
18-May-22	21	15,180.00	4.38
19-May-22	26	17,120.00	4.45
May 13-19	30	16,857.00	4.43

Source: Central Bank of Kenya

Table 4: Performance of Treasury Bill Auctions

91-Day Treasury Bills						
Date of Auction	13-Apr-22	21-Apr-22	28-Apr-22	5-May-22	12-May-22	19-May-22
Amount Offered (KSh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids Received (KSh M)	4,800.04	8,180.05	10,183.46	5,252.72	5,278.68	5,475.21
Amount Accepted (KSh M)	4,799.21	8,171.92	10,182.29	5,252.72	5,278.19	2,523.79
Maturities (KSh M)	4,386.05	1,718.35	1,528.15	3,355.25	2,779.75	1,442.85
Average Interest Rate (%)	7.424	7.448	7.497	7.580	7.683	7.758
182-Day Treasury Bills						
Date of Auction	13-Apr-22	21-Apr-22	28-Apr-22	5-May-22	12-May-22	19-May-22
Amount Offered (KSh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids Received (KSh M)	2,601.49	9,018.64	8,700.64	3,716.18	7,926.39	10,251.80
Amount Accepted (KSh M)	2,601.40	9,018.64	8,700.64	3,716.18	7,924.77	8,337.33
Maturities (KSh M)	8,278.40	4,775.35	5,695.65	9,123.45	5,396.75	6,804.35
Average Interest Rate (%)	8.315	8.373	8.458	8.542	8.722	8.832
364-Day Treasury Bills						
Date of Auction	13-Apr-22	21-Apr-22	28-Apr-22	5-May-22	12-May-22	19-May-22
Amount Offered (KSh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids Received (KSh M)	4,252.21	6,537.28	9,394.85	7,879.90	11,341.10	12,184.59
Amount Accepted (KSh M)	4,161.11	6,535.46	9,285.89	7,879.45	9,897.73	12,006.44
Maturities (KSh M)	11,395.00	8,490.30	17,297.30	16,610.55	17,684.05	11,778.25
Average Interest Rate (%)	9.745	9.755	9.776	9.840	9.860	9.879

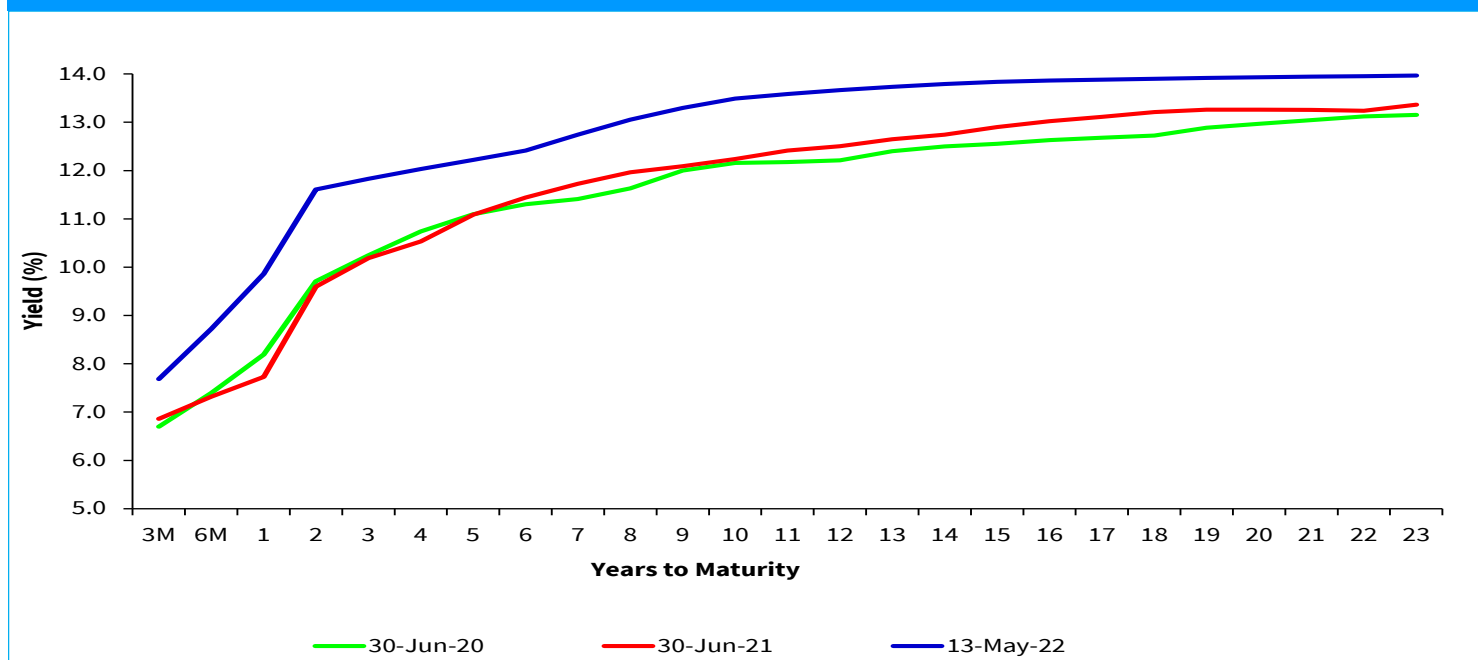
Source: Central Bank of Kenya

Table 5: Performance of Treasury Bond Auctions

Date of Auction	9-Mar-22	18-Mar-22			6-Apr-22	20-Apr-22	11-May-22	
	REOPEN	TAP					REOPEN	
Tenor	FXD1/ 2021/005	FXD1/ 2021/005	FXD1/ 2020/015	FXD1/ 2021/025	FXD1/ 2022/03	FXD1/ 2022/015	FXD1/ 2022/010	FXD1/ 2021/025
Amount offered (KSh M)	50,000.00	31,500.00			40,000.00	30,000.00	60,000.00	
Bids received (KSh M)	9,212.68	3,934.30	15,563.15	5,394.15	34,045.50	32,545.90	32,893.01	10,225.98
Amount Accepted (KSh M)	8,294.79	3,834.09	14,651.62	5,373.44	33,137.89	27,637.05	28,675.32	3,064.50
Maturities (KSh M)	0.00	0.00			2,866.08	0.00		
Average interest Rate (%)	11.997	11.277	12.76	13.92	11.78	13.94	13.49	13.92

Source: Central Bank of Kenya

Chart 3: Government Securities Yield Curve



Source: Nairobi Securities Exchange (NSE)

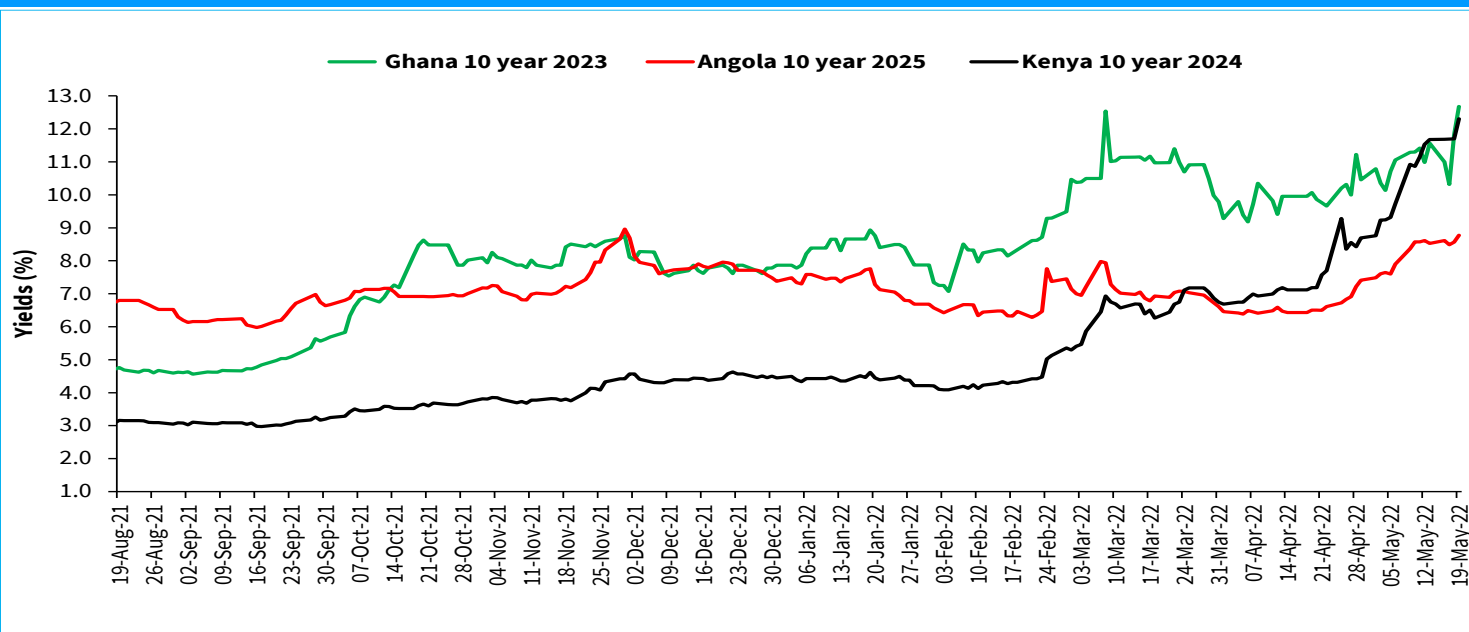
Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Million)	Equity Turnover (KSh Million)	Market Capitaliza- tion (KSh Billion)	Bonds Turnover (KSh Million)	Eurobond Yields (%)					
									7-Year 2027	10-Year 2024	10-Year 2028	12-Year 2032	13-Year 2034	30-Year 2048
6-May-22	144.73	3279.85	1755.57	1,338.00	23.31	858.56	2255.74	2,139.25	11.316	9.731	10.531	11.000	10.717	11.487
9-May-22	144.98	3279.67	1754.02	1,145.00	26.88	909.81	2259.64	4,449.50	11.596	10.926	10.825	11.255	11.034	11.729
10-May-22	144.60	3254.10	1748.62	1,182.00	18.22	620.60	2253.70	3,733.91	11.914	10.860	11.024	11.333	11.131	11.896
11-May-22	145.18	3269.92	1754.47	1,043.00	12.58	394.70	2262.85	3,507.55	11.916	11.150	11.059	11.490	11.082	12.025
12-May-22	143.60	3241.75	1733.89	1,244.00	10.31	235.79	2238.05	2,323.50	12.150	11.528	11.196	11.518	11.084	12.025
May 6-12	143.60	3,241.75	1,733.89	5,952.00	91.31	3,019.46	2,238.05	16,153.71	12.150	11.528	11.196	11.518	11.084	12.025
13-May-22	139.65	3199.15	1747.22	982.00	9.88	314.91	2176.36	2,636.00	11.994	11.679	11.366	11.598	11.110	12.046
16-May-22	139.97	3205.02	1744.37	935.00	16.08	537.89	2181.35	2,390.55	12.118	11.685	11.300	11.546	10.827	11.982
17-May-22	140.35	3215.39	1737.09	1,029.00	7.33	184.16	2187.28	4,199.00	12.161	11.691	11.201	11.469	10.813	11.855
18-May-22	137.26	3162.08	1711.83	1,350.00	11.26	327.03	2138.99	3,297.20	12.189	11.698	11.270	11.496	10.789	11.855
19-May-22	133.44	3106.64	1700.88	1,204.00	12.17	317.60	2079.37	2,685.15	12.422	12.308	11.580	11.709	11.064	12.004
May 13-19	133.44	3,106.64	1,700.88	5,500.00	56.73	1,681.59	2,079.37	15,207.90	12.42	12.31	11.58	11.71	11.06	12.00
Weekly Changes (%)	-7.08	-4.17	-1.90	-7.59	-37.87	-44.31	-7.09	-5.86	0.272*	0.780*	0.384*	0.191*	-0.020*	-0.021*

* Percentage points

Source: Nairobi Securities Exchange (NSE) and Thomson Reuters

Chart 4: Yields on 10 year Eurobonds for Selected Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Jun-21	30-Sep-21	31-Dec-21	28-Feb-22	25-Mar-22	28-Apr-22	13-May-22
1. Treasury Bills (Excluding Repos)	765.37	763.45	709.15	679.48	662.60	640.60	634.40
<i>(As % of total securities)</i>	21.17	19.78	17.95	16.65	16.15	15.47	15.36
2. Treasury Bonds	2,849.94	3,096.84	3,242.24	3,400.35	3,440.61	3,501.35	3,495.35
<i>(As % of total securities)</i>	78.83	80.22	82.05	83.35	83.85	84.53	84.64
3. Total Securities (1+2)	3,615.31	3,860.29	3,951.39	4,079.83	4,103.21	4,141.95	4,129.75
4. Overdraft at Central Bank	59.28	55.11	59.31	74.70	61.36	58.63	63.72
5. Other Domestic debt*	22.50	22.37	21.66	25.77	26.89	26.32	26.28
6. Gross Domestic Debt (3+4+5)	3,697.09	3,937.78	4,032.37	4,180.29	4,191.46	4,226.89	4,219.75

* Other domestic debt includes clearing items in transit, advances from commercial banks and Pre-1997 Government Overdraft.

Source: Central Bank of Kenya

Table 8: Composition of Government Domestic Debt by Instrument (Percent)

	30-Jun-21	30-Sep-21	31-Dec-21	28-Feb-22	25-Mar-22	28-Apr-22	13-May-22
Treasury bills (Excluding Repos)	20.70	19.39	17.59	16.25	15.81	15.16	15.03
Treasury bonds	77.09	78.64	80.41	81.34	82.09	82.83	82.83
Overdraft at Central Bank	1.60	1.40	1.47	1.79	1.46	1.39	1.51
Other domestic debt	0.61	0.57	0.54	0.62	0.64	0.62	0.62
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 9: Composition of Government Domestic Debt by Holder (Percent)

	30-Jun-21	30-Sep-21	31-Dec-21	28-Feb-22	25-Mar-22	28-Apr-22	13-May-22
Banking Institutions	51.24	50.82	50.20	49.51	49.29	49.03	48.99
Insurance Companies	6.66	6.60	6.79	6.82	6.87	6.96	6.98
Parastatals	5.54	5.39	5.57	5.62	5.72	5.77	5.78
Pension Funds	30.60	31.24	31.34	31.64	31.75	31.92	31.94
Other Investors	5.96	5.95	6.10	6.41	6.37	6.32	6.31
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Government Debt

	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Domestic debt (KSh Bn)	3,176.97	3,457.11	3,488.54	3,569.84	3,697.09	3,937.80	4,032.37	4,192.35
Public & Publicly Guaranteed External debt (USD Bn)	33.01	33.77	34.75	34.42	37.08	36.73	36.90	36.82
Public & Publicly Guaranteed External debt (KSh Bn)	3,515.81	3,663.49	3,793.29	3,769.87	3,999.54	4,058.50	4,174.37	4,209.56
Public debt (KSh Bn)	6,692.78	7,120.60	7,281.83	7,339.71	7,696.63	7,996.30	8,206.74	8,401.91

Source: National Treasury and Central Bank of Kenya